



PRESS RELEASE

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BUSINESS BROKER & WIFE CHARGED WITH SBA FRAUD

PHOENIX, ARIZONA -- United States Attorney's Office for the District of Arizona, announced today that a federal grand jury at Phoenix, Arizona, returned a 15-count indictment against MICHAEL A. CANFIELD, 55, and his wife, EMILY F. CANFIELD, 46, of Phoenix, Arizona.

The indictment alleges that the Canfields, operating as "MAC-Michael A. Canfield, LLC," submitted false and fraudulent documents for six loans to be guaranteed by U. S. Small Business Administration in order to get funding for clients whose lack of financial qualifications would have resulted in the rejection of their applications. MICHAEL A. CANFIELD was the broker seeking to make commissions on the sales of small businesses to persons who wanted to buy at "no money down." However, the SBA and its affiliated lender, the AT&T Small Business Lending Corp., required that applicants seeking SBA-guaranteed loans be able to inject their own funds into the purchase and that they put the down payment into escrow before the loan would be made. The indictment further alleges that: the CANFIELDs caused their clients' loan applications to be falsified by overstating the clients' financial worth to make it appear as if the clients did have enough money of their own to make the down payment. And it alleges that the CANFIELDs submitted documents overstating the true selling price of the business, which effectively produced enough of a loan to cover the entire selling price. Just before the loans went to closing, the

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CANFIELDS had business associates put up the down payments but disguised as if put up by the clients. This took care of showing that the clients had posted the down payment before closing, which allowed the loan to close. As soon as the loan closed, the defendants caused the difference between the full loan amount made on the basis of the overstated selling price and the true selling price to be paid to the business associates, plus a 5% fee for the “parking” of their money for one or two days. This took care of the down payment and, in effect, the loans financed the complete sale, including the down payment.

As a result of their actions, the indictment alleges that the CANFIELDS earned over \$250,000 directly in commissions and, in one case, caused a client to make out a promissory note to pay \$125,000 to them as a consulting fee.

The indictment also alleges that of the approximately \$2.9 million in loans made which are the subject of the charges, \$2.5 million has proved to be uncollectible.

The federal indictment charges the CANFIELDS with violating 1 count of Title 18 of the United States Code, Section 371, conspiracy, 6 counts of Title 18 United States Code, Section 1343, wire fraud, 3 counts of Title 18, United States Code, Section 1001, making false statements to the SBA, and 5 counts of Title 18, United States Code, Section 1956(a)(1)(A)(i), money laundering.

A conviction for these offenses ranges from a maximum penalty of 20 years, a \$500,000 fine or twice the value of the property involved in the laundering transaction, or both for Title 18, United States Code, Section 1956(a)(1)(A)(i), to 5 years, a \$250,000 fine or both for the other offenses.

Mr. Johns, First Assistant United States Attorney, stressed that an indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Federal Bureau of Investigation and the Office of the Inspector General of the Small Business Administration.

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The prosecution is being handled by the United States Attorney's Office, District of Arizona,
Phoenix, Arizona.

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